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December 4, 1997

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DEC 4 - 1997

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: Policy and Rules Concerning the Interstate,
Interexchange Marketplace; Implementation of Section
254(g) of the Communications Act of 1934, as amended,
CC Docket No. 96-61**

and

**Federal-State Joint Board on Universal Service,
CC Docket No. 96-45**

Dear Ms. Salas:

On behalf of the American Samoa Government, I am enclosing for the record in these proceedings a letter from Governor Tauese P. F. Sunia of American Samoa to Congressman Eni F.H. Faleomavaega, American Samoa's Delegate to the U.S. Congress, and attachments thereto.

If you have any questions, please call me.

Respectfully submitted,


David Sieradzki

— David L. Sieradzki
— Counsel for the American Samoa
Government

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I, Rebecca G. Wahl, hereby certify that on this 4th day of December, 1997, a copy of the Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended, CC Docket No. 96-61 and Federal-State Joint Board on Universal Service, CC Docket No. 96-45 was hand delivered to the parties listed below (except as indicated by asterisks).



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December 1, 1997

Serial: 1425

Honorable Eni F. H. Faleomavaega
2422 Rayburn House Office Building
Washington, D.C. 20515-5201

Dear Congressman Faleomavaega:

Thank you for the recent letter containing your thoughts and suggestions on telecommunication services. I appreciate your views on rate integration, the North American Numbering Plan ("NANP"), universal service, and the possible privatization of ASG's Office of Communications ("ASCC").

I am enclosing a copy of ASG's reply to the comments on our plan for rate integration filed with the FCC. You will see that ASG fully supports the letter and the spirit of rate integration under the 1996 Telecommunications Act. ASOC's rates for outbound calls have been completely integrated. For inbound calls, responsibility for achieving rate integration lies with the long distance carriers, not with ASG. We believe the carriers must provide integrated rates, whether or not American Samoa incurs the burden and expense of converting to the NANP.

In ASG's rate integration plan, we outlined steps for reorganizing ASOC and for regularizing its status under FCC regulations. No objection has been raised to these features of our plan. Overall, we are optimistic that the Commission will approve our plan and will clarify the obligation of our long distance carriers to provide integrated rates. When the FCC has acted on our plans, we will determine ASG's future course of action in light of the Commission's decision.

Regarding universal service, we are positioning ASOC to participate fully in the program. The Director of Communications has met with FCC staff and

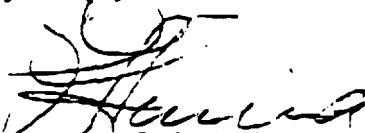
Honorable Eni F. H. Faleomavaega
December 1, 1997
Page 2

has confirmed that ASOC offers the full range of services required to receive universal services support. Participation in the NANP is not a requirement. Accordingly, I have issued an executive order designating ASOC as an eligible carrier for the receipt of universal service support, a copy of which is enclosed.

With respect to privatization, our plan submitted to the FCC includes total or partial privatization as one of the long-term options for reorganizing ASOC. This option should be fully considered, and I would be interested in any further views you may have on the subject. In particular, I would be interested in any information or analysis you have indicating that ASOC could be sold to private investors for a purchase price in the range of \$20 - 30 million.

Thank you again for your view on these important matters.

Very truly yours,



TAUESE P.F. SUNIA
Governor

Enclosures

cc: Director of Communications



OFFICE OF THE GOVERNOR

American Samoa Government
Pago Pago, American Samoa 96799

TAUESE P.F. SUNIA,
Governor

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Lt. Governor

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EXECUTIVE ORDER NO. 13 1997

DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIER

Section 1: Authority

This Executive Order is issued under the authority granted in Article IV, Section 6 of the American Samoa Revised Constitution, Title 4, Chapter 01, Section 0111(b) of the American Samoa Code, and sections 3, 214, and 254 of the Federal Communications Act of 1934, as amended (the "Communications Act").

Section 2: Purpose

Sections 3 and 214 of the Communications Act authorize the commission or official with regulatory jurisdiction over communications carriers in each State and Territory to designate certain common carriers as "eligible telecommunications carriers" for purposes of receiving federal universal service support. 47 U.S.C. §§153 (40) (41), 214 (e) (2). In the absence of a telecommunications regulatory commission, the Governor is the official of the American Samoa Government with regulatory jurisdiction over telecommunications carriers.

Section 3: Findings

I find that the American Samoa Office of Communications ("ASOC") meets the qualifications for an "eligible telecommunications carrier" as defined in section 214 of the Communications Act. 47 U.S.C. §214 (e) (1). In particular, I find that:

- (a) ASOC is a "common carrier" as defined in section 3 of the Communications act. 47 U.S.C. §153 (10);

- (b) ASOC offers the services that are supported by federal universal support mechanisms in accordance with section 214 of the Communications Act (47 U.S.C. §214 (3) (1) (A) and as specified in section 54.101 of the pertinent regulations of the Federal Communications Commission (47 C.F.R. §54.101);
- (c) ASOC advertises the availability of such services and the charges therefore using media of general distribution in accordance with section 214 of the Communications Act. 47 U.S.C. §214 (d) (1) (B); and
- (d) Designation of ASOC as an "eligible telecommunications carrier" for the receipt of federal universal service support will serve the public interest.

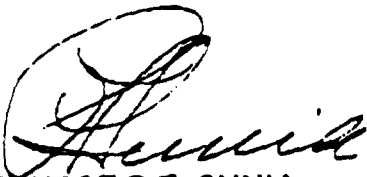
Section 4: Designation

The American Samoa Office of Communications is hereby designated as an "eligible telecommunications carrier" under section 214 of the Communications Act for the receipt of federal universal service support.

Section 5: Effective Date

This Executive Order shall be effective immediately upon signing.

Dated: 12-1-97


TAUESE P.F. SUNIA
Governor of American Samoa

Distribution:

As per standard list

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October 1, 1997

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Stret, N.W., Room 222
Washington, DC 20554

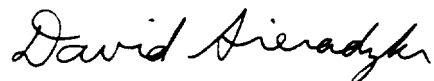
**Re: Policy and Rules Concerning the Interstate,
Interexchange Marketplace; Implementation of Section
254(g) of the Communications Act of 1934, as amended;
CC Docket No. 96-61**

Dear Mr. Caton:

On behalf of the American Samoa Government, I am enclosing the original and 5 copies of the American Samoa Government's Proposed Rate Integration Plan for American Samoa in the referenced proceeding.

If you have any questions, please call me.

Respectfully submitted,



David L. Sieradzki
Counsel for the American Samoa
Government

Enclosures
cc: Service List



OFFICE OF THE GOVERNOR

American Samoa Government
Pago Pago, American Samoa 96799

TAUESE P.F. SUNIA
Governor

TOGIOLA T.A. TULAFONO
Lt. Governor

October 1, 1997

Serial:1192

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 96-61
Policy and Rules Concerning the
Interstate, Interexchange Marketplace

Dear Mr. Chairman:

Pursuant to the Commission's order of August 14, 1997, I am pleased to submit herewith the plan of the American Samoa Government for implementation of rate integration. An executive summary of the plan is included.

The enclosed rate integration plan has been developed in consultation with the major interstate telecommunications carriers which serve American Samoa. We appreciate the cooperation of our carriers in this matter. The carriers will, of course, have the opportunity to submit formal comments on our plan in accordance with the Commission's order.

In addition, the Legislature of American Samoa has recently conducted hearings on the subject of telecommunications service. My Administration, through our Office of Communications, has participated in those hearings. In our plan for rate integration, we have taken into account the views expressed by members of the Legislature.

We appreciate the Commission's continuing interest in telecommunications service to our islands.

Sincerely,

TAUESE P.F. SUNIA
Governor

Attachment

cc: Aleki Sene, Director of Communications

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Policy and Rules Concerning the)	
Interstate, Interexchange Marketplace)	
)	CC Docket No. 96-61
Implementation of Section 254(g) of the)	
Communications Act of 1934, as amended)	

**THE AMERICAN SAMOA GOVERNMENT'S PROPOSED
RATE INTEGRATION PLAN FOR AMERICAN SAMOA**

AMERICAN SAMOA GOVERNMENT

Honorable Tauese P. F. Sunia
GOVERNOR OF AMERICAN
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Pago Pago, American Samoa 96799

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Counsel for the American Samoa
Government

Dated: October 1, 1997

THE AMERICAN SAMOA GOVERNMENT'S PROPOSED RATE INTEGRATION PLAN FOR AMERICAN SAMOA

EXECUTIVE SUMMARY

- ◆ The American Samoa Government's Office of Communications ("ASOC") provides both local and originating long distance telecommunications in American Samoa.
 - Due to American Samoa's remote location, limited economy, and small population base, no private telecommunications company has been interested in providing local or long distance telecommunications in the territory to date.
 - No interexchange carrier ("IXC") has a point of presence ("POP") in American Samoa. Instead, ASOC and four IXCs (AT&T, GTE, MCI, and Sprint) provide domestic long distance service together on a "connecting carrier" basis.
- ◆ ASOC plans to implement substantial reductions in its originating domestic long distance rates, which will achieve full rate integration.
 - Effective on October 1, 1997, ASOC is reducing its interstate long distance rates by approximately 25%. ASOC intends to reduce its interstate long distance rates further on January 1, 1998, by approximately 35% relative to pre-existing rates (45% reduction compared to rates prior to July 1, 1996).
 - ASOC is eliminating distinctions between rates to Guam and the Commonwealth of the Northern Mariana Islands ("CNMI") and rates to other U.S. points. It is thus in full compliance with the rate integration requirements of Section 254(g) of the Act and the Commission's policies implementing that statutory provision.
- ◆ The American Samoa Government proposes to remain outside the North American Numbering Plan ("NANP"). A uniform dialing and numbering plan is not necessary for, or even relevant to, compliance with the rate integration requirements, which address rate levels and structures.
 - Participation in the NANP would be very costly, imposing a direct cost that could exceed \$3.5 million on American Samoa ratepayers and/or taxpayers. This amount is more than one-half of ASOC's annual revenue from long-distance operations of about \$6.6 million.

- Unlike Guam and CNMI, American Samoa: (1) is situated in the Southern Hemisphere and has extensive business and family contacts with nearby nations; (2) has no physical cable connection with Hawaii and the Mainland and relies exclusively on Intelsat for domestic long distance traffic; (3) has neither POPs of independent IXC's nor affiliates of major U.S. carriers doing business; and (4) did not plan, before the enactment of the 1996 Act, to join the NANP.
- IXC's could achieve rate integration for inbound service to American Samoa by either of two means: (1) modifying their billing systems to treat American Samoa as a domestic point; or (2) changing their basic schedule rate levels for American Samoa to match those of other rate-integrated domestic points, while continuing to treat American Samoa as an international point for purposes of their billing systems. The American Samoa Government would support either approach.
- Telephone subscribers in American Samoa can and do obtain toll-free access to 800 and 888 numbers within the NANP without forcing American Samoa to participate in the NANP.
- ♦ The American Samoa Government proposes to take other steps to regularize ASOC's status under the Commission's regulations. In particular, it intends to reorganize ASOC to establish separate local exchange carrier ("LEC") and IXC entities.
 - The ASOC LEC entity will provide local telephone service, as well as interstate access service on a tariffed, non-discriminatory basis to the ASOC IXC entity and to any other IXC that establishes a POP within American Samoa.
 - * Upon *bona fide* request by an IXC that seeks to establish a POP in American Samoa, the ASOC LEC entity will implement "equal access" and access arrangements comparable to Feature Group D.
 - The ASOC IXC entity will provide long-distance interstate and international service originating in American Samoa, and will continue its "connecting carrier" arrangements with U.S. carriers.
 - * The ASOC IXC entity intends to file tariffs for its services, and to obtain Section 214 authority (or a waiver of that requirement) for its international routes.

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

Policy and Rules Concerning the)	
Interstate, Interexchange Marketplace)	
)	CC Docket No. 96-61
Implementation of Section 254(g) of the)	
Communications Act of 1934, as amended)	

**THE AMERICAN SAMOA GOVERNMENT'S PROPOSED
RATE INTEGRATION PLAN FOR AMERICAN SAMOA**

The American Samoa Government, by its counsel, hereby submits its plan for the implementation of rate integration in American Samoa, pursuant to the Common Carrier Bureau's July 30, 1997 Memorandum Opinion and Order in this docket (DA 97-1628) and the revised procedural schedule adopted in the Bureau's August 14, 1997 Order (DA 97-1744).

I. BACKGROUND

A. The Territory of American Samoa

1. **Location.** American Samoa, an unincorporated territory of the United States, is located 14 degrees south of the equator, about 2,300 miles southwest of Hawaii, and more than 4,100 miles southwest of San Francisco. The territory lies approximately 1,600 miles northeast of New Zealand, and approximately 40 miles east of the independent

country of Western Samoa, with which American Samoa has close cultural, economic, and family ties.

2. **Population.** Persons born in American Samoa are nationals but not citizens of the United States. As of July 1, 1996, the population of American Samoa was 58,000. Per capita income is \$3,309 per year, and median household income is \$16,114 per year. American Samoans enjoy unrestricted entry into the United States, and substantial Samoan communities reside in Hawaii and on the West Coast.
3. **Government.** American Samoa has been a United States territory since 1900. Congress has delegated civil and military authority in American Samoa to the President, who has re-delegated the authority to the Secretary of the Interior. With the approval of the Secretary, American Samoa has its own constitution and is governed by a locally elected Governor and Legislature. The Governor has broad authority to promulgate executive regulations which do not conflict with local statutes.

B. The Office of Communications

1. **History.** The local communications network in American Samoa, with connections to other U.S. and international points, was originally built by the U.S. Navy and the U.S. Department of the Interior, which formerly exercised governmental authority in the territory. The network was inherited by the American Samoa Government. Because

of American Samoa's remote location, limited economy, and small population base, private companies have not been interested in providing local telecommunication services or originating long distance services in the territory to date.

2. **Purpose and Operation.** In order to provide local residents with service, the American Samoa Government operates the Office of Communications ("ASOC"). ASOC is under the direction of the Director of Communications, who is appointed by the Governor. The Office of Communications operates without a governmental subsidy, and profits from telecommunications operations accrue to the territorial government.
3. **Penetration.** ASOC provides local service covering the main island and the principal outer islands of American Samoa and offers world-wide long distance connection. The ASOC system is broadly used by residents of the main island and the outer islands. More than 80 percent of the households in American Samoa subscribe to telephone service provided by ASOC.
4. **Local Service.** ASOC provides local subscribers with a full range of modern service features. These include single-party lines, touch-tone dialing, emergency numbers, directory assistance, operator assistance, interexchange capability, and access to the Internet. Local residential

subscribers pay \$9.00 per month for full single-party service, and business subscribers pay \$18.00 per month per line.

5. Long Distance Service

- a. Outbound Calls.** ASOC provides outbound interstate and international service. ASOC arranges with AT&T, MCI, Sprint, and GTE for the termination of traffic to other U.S. points, as described below. The rates for outbound interstate calls are described below.
- b. Inbound Calls.** AT&T, MCI, Sprint, and GTE have direct connections with ASOC and provide inbound interstate service on a "connecting carrier" basis. Any other U.S. interexchange carriers ("IXCs") that provide inbound service do so on a resale basis. Inbound international service is provided by various foreign carriers.
- c. Interconnection Arrangements with Domestic Carriers.**

 - (1)** The connections that ASOC maintains with AT&T, MCI, Sprint, and GTE utilize Intelsat satellite service. ASOC has access to earth station facilities in American Samoa and has arranged through Comsat for long-term leases of Intelsat satellite half-circuits for connections to AT&T,

MCI, Sprint, and GTE, with those carriers providing the other half-circuits for connections to other U.S. points.

- (2) No U.S. IXC other than ASOC currently has a point of presence ("POP") in American Samoa. ASOC is, at present, the only carrier that provides originating long distance service in American Samoa, and terminates domestic interstate calls over the networks of AT&T, MCI, Sprint, and GTE on a "connecting carrier" basis. *See* 47 C.F.R. § 61.3(l). ASOC operates as a "connecting carrier" (both for a segment of the long distance service and for access to its local network) to enable other IXCs to terminate long distance calls in American Samoa.

II. RATE INTEGRATION

A. Service from American Samoa to Other U.S. Points

1. **Rate Levels.** ASOC is reducing its interstate long distance rates dramatically. As shown on the table below, effective on October 1, 1997, ASOC is implementing a reduction of approximately 25% for rates to most U.S. points, with substantially greater reductions in rates to Guam and the Commonwealth of the Northern Mariana Islands ("CNMI"). ASOC plans to implement an even greater rate reduction, of approximately 35% relative to pre-existing rates, effective

January 1, 1998 (contingent on resolution of certain inter-carrier issues with ASOC's domestic connecting carriers). These new rates, representing reductions of approximately 45% compared to the rates that were in effect prior to July 1, 1996, will confer significant benefits on ratepayers in American Samoa, and are reasonably cost-based:

Rates to U.S. Domestic Points Other Than Guam and CNMI	Prior to 7/1/96	Effective 7/1/96	Effective 10/1/97	(Tentative) Effective 1/1/98
Day	0.90	0.80	0.60	0.50
Evening	0.80	0.70	0.55	0.45
Night/Weekend	0.70	0.60	0.45	0.40
Rates to Guam and CNMI				
Day	1.10	1.00	0.60	0.50
Evening	1.00	0.90	0.55	0.45
Night/Weekend	0.90	0.80	0.45	0.40

2. **Rate Averaging and Integration.** By establishing a single set of long distance rates applicable for service to all U.S. points, ASOC is fully complying with the requirements of Section 254(g) of the Communications Act of 1934, as amended, 47 U.S.C. § 254(g), concerning rate averaging and rate integration of interexchange services, and with the Commission's policies adopted to implement that statutory requirement.

- B. **Service from Other U.S. Points to American Samoa.** American Samoa can and should be integrated as a destination into the existing rate

integration plans of the four carriers that have direct connections to American Samoa -- AT&T, GTE, MCI, and Sprint -- and by other IXC's providing service on a resale basis. We are aware of at least three options for the technical implementation of rate integration for service to American Samoa: (1) bringing American Samoa into the North American Numbering Plan ("NANP"); (2) requiring the IXC's serving American Samoa to modify their billing systems to facilitate treating American Samoa as a domestic point even though it remains outside the NANP; or (3) requiring the IXC's to provide service to American Samoa at basic rate levels that match those of other rate-integrated domestic points (*i.e.*, the same as the rates to Guam and CNMI, or comparable rates based on their systems of mileage bands), while allowing them to treat American Samoa as an international destination for the purpose of their billing systems. As discussed below, the American Samoa Government strongly opposes option (1) and is indifferent as between options (2) and (3).

1. **North American Numbering Plan.** The American Samoa Government proposes to remain outside the NANP. Participation in the NANP would be unduly costly and disruptive and would not serve the public interest. Moreover, the rate integration requirements of Section 254(g) of the Act and the Commission's policies thereunder are addressed to rate levels and structures. A uniform dialing and

numbering plan is not necessary for, or even relevant to, compliance with the rate integration requirements.

- a. **Costs.** Participation in the NANP would require ASOC to reprogram switches and other equipment, involving considerable expenses. Specifically, the cost could exceed \$3.5 million, which is more than one-half of ASOC's \$6.6 million annual revenue from long distance service. As discussed below, this cost burden to the telephone ratepayers and/or taxpayers of American Samoa is not necessary to achieve rate integration. In addition, residents and businesses in American Samoa would incur the cost and disruption of informing domestic and international contacts of the change in dialing patterns.
- b. **Distinctions Between American Samoa and Guam and CNMI.** The situation of American Samoa is significantly different from, and should not be confused with, those of Guam and CNMI. First, American Samoa is situated in the Southern Hemisphere and is geographically closer to its neighboring island nations than are the U.S. territories in the Northern Pacific. There are extensive business and family contacts between American Samoa and nearby nations. Second, unlike Guam and CNMI, American Samoa has no physical cable

connection with Hawaii and the Mainland. ASOC has no access to domestic satellites and relies exclusively on Intelsat for domestic and international long distance traffic. Third, unlike Guam, there are no independent IXC's with POPs in American Samoa; and unlike CNMI, there are no affiliates of major U.S. telecommunications carriers doing business in American Samoa. Fourth, and most significantly, Guam and CNMI were in the process of transitioning into the NANP for other reasons already, before the rate integration provision of the Telecommunications Act of 1996 was even enacted. By contrast, American Samoa never has had any interest in joining the NANP.

2. **Modification of Carriers' Billing System.** IXCs could achieve rate integration through a modification of their billing systems to treat American Samoa as a domestic point even though it remains outside the NANP. This should not be an insurmountable difficulty for the IXCs' sophisticated, software-driven billing systems. Moreover, we note that it is not beyond those billing systems' capabilities to rate some points that are within the NANP as international destinations (*i.e.*, Canada and the Caribbean nations that use some, but not all, of the central office codes in the 809 area code), so they similarly should

be capable of treating one point outside the NANP, with a relatively minuscule quantity of traffic, as a domestic point.

3. **Rate Integration Without Billing System Modifications.** We are aware that some carriers have expressed concerns about the cost and feasibility of making such modifications to their billing systems. The benefits of rate integration can be achieved without costly billing system modifications. Carriers can simply change the basic schedule rate levels for American Samoa to match those of other rate-integrated domestic points, while continuing to treat American Samoa as an international destination for the purpose of their billing systems. (This approach might not enable certain carriers to treat American Samoa exactly the same as domestic points for purposes of all of their optional calling plans; a waiver could be granted to such carriers to the extent necessary. The American Samoa Government would support such a waiver.)

4. **Cooperation with Carriers.** As noted above, the American Samoa Government is indifferent as between options (2) and (3) listed above. Some carriers may choose to modify their billing systems, while others may implement rate integration without such modifications. The American Samoa Government would support either approach, and is eager to cooperate with the carriers in their implementation of rate integration. Both options would achieve the benefits of rate

integration at a much lower cost and with much less disruption to the people of American Samoa than would forcing American Samoa to come within the NANP.

5. Toll-Free Calling.

- a. Telephone subscribers in American Samoa can obtain access to special NANP toll-free area codes (*i.e.*, 800 and 888) on a toll-free basis without requiring American Samoa to participate in the NANP. In fact, a number of 800/888 customers, including airlines, merchandisers, and government agencies, already have made arrangements with their carriers to receive 800/888 calls from American Samoa on a toll-free basis. ASOC is working with its connecting carriers to facilitate and encourage such arrangements.
- b. It should be noted that end user subscribers to 800/888 services have the option of paying their IXC's for toll-free dialing from all U.S. points, or restricting the toll-free calling area to a more restricted geographic area (*i.e.*, continental U.S. only) or even to a single state. Whether or not an end user chooses to arrange with its IXC to make its 800/888 numbers accessible to American Samoa subscribers is beyond the control of ASOC.